

**REPORT OF THE AUDIT OF THE  
CHRISTIAN COUNTY  
SHERIFF**

**For The Year Ended  
December 31, 2013**



**ADAM H. EDELEN  
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## **EXECUTIVE SUMMARY**

### **AUDIT EXAMINATION OF THE CHRISTIAN COUNTY SHERIFF**

**For The Year Ended  
December 31, 2013**

The Auditor of Public Accounts has completed the Christian County Sheriff's audit for the year ended December 31, 2013. Based upon the audit work performed, the financial statements present fairly, in all material respects, the revenues, and expenditures of the Sheriff and the revenues, expenditures, and fund balances of the Sheriff's operating fund and county fund with the State Treasurer in conformity with the regulatory basis of accounting.

#### **Financial Condition:**

A fee official in counties with a population over 70,000 has two funds established with the state for the deposit of fees collected. Seventy-five percent (75%) of the fees collected are deposited in a Sheriff's operating fund and used for office expenses of the fee official. The remaining twenty-five percent (25%) of fees collected are deposited to the county government fund and paid quarterly to the county government. These funds are closed at the end of each four-year term by paying the balances to the respective county government.

The Christian County Sheriff had total revenues of \$3,207,120, which was a \$245,165 decrease from the prior year. Except for reimbursed expenses and 100% fees (including fiscal court contribution of \$1,389,327) in the amount of \$2,970,614 and building fund fees of \$11,240, the Sheriff paid 25% of revenues to the Christian County Fiscal Court in the amount of \$225,266. This was an increase of \$62,165 from the prior year. In addition, 75% expenditures increased by \$141,002.

#### **Deposits:**

The Sheriff's deposits were insured and collateralized by bank securities.



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**ADAM H. EDELEN**  
**AUDITOR OF PUBLIC ACCOUNTS**

The Honorable Steve Tribble, Christian County Judge/Executive  
Honorable Lewis Leavell, Christian County Sheriff  
Members of the Christian County Fiscal Court

Independent Auditor's Report

**Report on the Financial Statements**

We have audited the accompanying statement of revenues and expenditures - regulatory basis of the Sheriff of Christian County, Kentucky, and the statement of revenues, expenditures, and fund balances of the Sheriff's operating fund and county fund with the State Treasurer - regulatory basis for the year ended December 31, 2013, and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting practices prescribed or permitted by the laws of Kentucky to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting as described in Note 1. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for County Fee Officials issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



The Honorable Steve Tribble, Christian County Judge/Executive  
Honorable Lewis Leavell, Christian County Sheriff  
Members of the Christian County Fiscal Court

### **Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles**

As described in Note 1 of the financial statements, the financial statements are prepared by the County Sheriff on the basis of accounting practices prescribed or permitted by the laws of Kentucky to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

### **Adverse Opinion on U.S. Generally Accepted Accounting Principles**

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the County Sheriff, as of December 31, 2013, or changes in financial position or cash flows thereof for the year then ended.

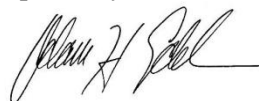
### **Opinion on Regulatory Basis of Accounting**

In our opinion, the financial statements referred to above present fairly, in all material respects, the revenues and expenditures of the Sheriff and the revenues, expenditures, and fund balances of the Sheriff's operating fund and county fund with the State Treasurer for the year ended December 31, 2013, in accordance with the basis of accounting practices prescribed or permitted by the Commonwealth of Kentucky as described in Note 1.

### **Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated June 27, 2014 on our consideration of the Christian County Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Christian County Sheriff's internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control over financial reporting and compliance.

Respectfully submitted,



Adam H. Edelen  
Auditor of Public Accounts

June 27, 2014



CHRISTIAN COUNTY  
LEWIS LEAVELL, SHERIFF  
STATEMENT OF REVENUES AND EXPENDITURES - REGULATORY BASIS

For The Year Ended December 31, 2013

Revenues

Federal Grants:

Highway Safety Grant	\$	3,773
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State - Kentucky Law Enforcement Foundation Program Fund (KLEFPF)		96,578
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State Fees for Services:

Finance and Administration Cabinet	\$ 297,697	
Sheriff Security Service	66,755	364,452

Circuit Court Clerk:

Fines/Fees Collected	19,502	
Court Ordered Payments	1,939	21,441

Fiscal Court		1,389,327
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County Clerk - Delinquent Taxes		46,189
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Commission on Taxes		855,093
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Fees Collected for Services:

Auto Inspections	28,310	
Accident /Police Reports	1,971	
Serving Papers	55,164	
Carry Concealed Deadly Weapon Permits	27,875	
Add-On Fees	63,651	
Building Fees	11,240	
Jury Meals	298	
Transporting Prisoners	4,352	192,861

Other:

Overtime Reimbursements	71,729	
School Contract	162,646	
Miscellaneous	2,376	236,751

Interest Earned		655
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Total Revenues		3,207,120
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The accompanying notes are an integral part of the financial statements.

CHRISTIAN COUNTY  
LEWIS LEAVELL, SHERIFF  
STATEMENT OF REVENUES AND EXPENDITURES - REGULATORY BASIS  
For The Year Ended December 31, 2013  
(Continued)

Expenditures

Other Expenditures:

Building Fees	\$ 11,240	
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Total Expenditures		\$ 11,240
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Net Revenues		3,195,880
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Payments to State Treasurer:

75% Operating Fund	2,970,614	
25% County Fund	<u>225,266</u>	<u>3,195,880</u>

Balance Due at Completion of Audit		<u>\$ 0</u>
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The accompanying notes are an integral part of the financial statements.

CHRISTIAN COUNTY  
LEWIS LEAVELL, SHERIFF  
STATEMENT OF REVENUES, EXPENDITURES, AND  
FUND BALANCES OF THE SHERIFF'S OPERATING FUND  
AND COUNTY FUND WITH THE STATE TREASURER - REGULATORY BASIS

For The Year Ended December 31, 2013

	75% Operating Fund	25% County Fund	Totals
Fund Balance - January 1, 2013 (Restated)	\$ 277,547	\$ 31,149	\$ 308,696
<u>Revenues</u>			
Fees Paid to State - Operating Funds (75%)	2,970,614		2,970,614
Fees Paid to State - County Funds (25%)		194,117	194,117
Total Funds Available	3,248,161	225,266	3,473,427
<u>Expenditures</u>			
Christian County Fiscal Court		225,266	225,266
Personal Services-			
Official's Statutory Maximum	104,034		104,034
Official's Training Incentive	3,852		3,852
Deputies' Salaries	1,560,559		1,560,559
Overtime Gross	86,440		86,440
Employee Benefits-			
Employer's Share Social Security	125,071		125,071
Employer's Share Retirement	293,443		293,443
Employer's Share Health Insurance	350,875		350,875
Workers' Compensation	24,981		24,981
Contracted Services-			
Advertising	921		921
Data Processing Services	5,553		5,553
Rentals	5,028		5,028
Supplies and Materials-	14,273		14,273
Office Supplies	45,175		45,175
Uniforms/Equipment	5,932		5,932
Ammunition	20,265		20,265
Cell Phone/Internet	2,531		2,531

The accompanying notes are an integral part of the financial statements.

CHRISTIAN COUNTY  
 LEWIS LEAVELL, SHERIFF  
 STATEMENT OF REVENUES, EXPENDITURES, AND  
 FUND BALANCES OF THE SHERIFF'S OPERATING FUND  
 AND COUNTY FUND WITH THE STATE TREASURER - REGULATORY BASIS  
 For The Year Ended December 31, 2013  
 (Continued)

	75% Operating Fund	25% County Fund	Totals
<u>Expenditures</u> (Continued)			
Other Charges-			
K-9	\$ 4,233	\$	\$ 4,233
Maintenance Agreements	16,616		16,616
Medical Services	830		830
Miscellaneous	628		628
New Hire Testing	1,513		1,513
Postage	9,922		9,922
Repair Office Equipment	960		960
Stationary Forms	1,233		1,233
Software Development	4,841		4,841
Registration Training	950		950
Travel	20,177		20,177
Auto Expenses-			
Gasoline	196,633		196,633
Maintenance and Repairs	81,137		81,137
Tires	14,480		14,480
Capital Outlay-			
Equipment	69,493		69,493
Office Equipment	13,560		13,560
Vehicles	109,921		109,921
Total Expenditures	3,196,060	225,266	3,421,326
Fund Balance - December 31, 2013	\$ 52,101	\$ 0	\$ 52,101

The accompanying notes are an integral part of the financial statements.

CHRISTIAN COUNTY  
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2013

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

A fee official uses a fund to report on the results of operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fee official uses a fund for fees to account for activities for which the government desires periodic determination of the excess of revenues over expenditures to facilitate management control, accountability, and compliance with laws.

B. Basis of Accounting

KRS 64.820 directs the fiscal court to collect any amount due from the Sheriff as determined by the audit.

KRS 64.350 establishes that a fee official in counties with a population over 70,000 has two funds with the State Treasurer for the deposit of fees collected. Seventy-five percent (75%) of the fees collected is deposited in a Sheriff's operating fund and used for office expenses of the fee official. The remaining twenty-five percent (25%) of fees collected is deposited to the county fiscal court fund and paid to the fiscal courts, urban-county governments, or consolidated local governments of the respective counties quarterly no later than April 15, July 15, October 15, and January 15. These funds are closed at the end of each official term by paying the balances to the respective county government.

The financial statements have been prepared on a regulatory basis of accounting, which demonstrates compliance with the laws of Kentucky and is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this regulatory basis of accounting revenues and expenditures are generally recognized when cash is received or disbursed with the exception of accrual of the following items (not all-inclusive) at December 31:

- Interest receivable
- Collection on accounts due from others for 2013 services
- Reimbursements for 2013 activities
- Tax commissions due from December tax collections
- Payments due other governmental entities for payroll
- Payments due vendors for goods or services provided in 2013
- Payroll expenditures incurred but not paid

The Attorney General issued a letter which stated that some revenues of the fee official offices could be considered reimbursed expenses. All reimbursed expenses are treated as revenue in the 75 percent fund.

CHRISTIAN COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2013  
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

C. Cash and Investments

KRS 66.480 authorizes the Sheriff's office to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

Note 2. Employee Retirement System

The county official and employees have elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a cost sharing, multiple employer defined benefit pension plan, which covers all eligible full-time employees and provides for retirement, disability and death benefits to plan members. Benefit contributions and provisions are established by statute.

Nonhazardous covered employees are required to contribute 5 percent of their salary to the plan. Nonhazardous covered employees who begin participation on or after September 1, 2008 are required to contribute 6 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 19.55 percent for the first six months and 18.89 percent for the last six months.

The Sheriff's contribution for calendar year 2011 was \$242,828, calendar year 2012 was \$272,911, and calendar year 2013 was \$293,443.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65. Nonhazardous employees who begin participation on or after September 1, 2008 must meet the rule of 87 (members age plus years of service credit must equal 87, and the member must be a minimum of 57 years of age) or the member is age 65, with a minimum of 60 months service credit.

CERS also provides post retirement health care coverage as follows:

For members participating prior to July 1, 2003, years of service and respective percentages of the maximum contribution are as follows:

<b>Years of Service</b>	<b>% paid by Insurance Fund</b>	<b>% Paid by Member through Payroll Deduction</b>
20 or more	100%	0%
15-19	75%	25%
10-14	50%	50%
4-9	25%	75%
Less than 4	0%	100%

CHRISTIAN COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2013  
(Continued)

Note 2. Employee Retirement System (Continued)

As a result of House Bill 290 (2004 General Assembly), medical insurance benefits are calculated differently for members who began participation on or after July 1, 2003. Once members reach a minimum vesting period of ten years, non-hazardous employees whose participation began on or after July 1, 2003, earn ten dollars per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount.

Historical trend information showing the CERS' progress in accumulating sufficient assets to pay benefits when due is presented in the Kentucky Retirement Systems' annual financial report. This report may be obtained by writing the Kentucky Retirement Systems, 1260 Louisville Road, Frankfort, KY 40601-6124, or by telephone at (502) 564-4646.

Note 3. Deposits

The Christian County Sheriff maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC) as required by KRS 66.480(1)(d). According to KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the Sheriff and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution.

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a depository institution failure, the Sheriff's deposits may not be returned. The Christian County Sheriff does not have a deposit policy for custodial credit risk but rather follows the requirements of KRS 41.240(4). As of December 31, 2013, all deposits were covered by FDIC insurance or a properly executed collateral security agreement.

Note 4. Donation Account

The Christian County Sheriff's office established a Donation Account for the purpose of maintaining a K-9 drug dog. The beginning balance as of January 1, 2013 was \$4,200. Donations received during calendar year 2013 were \$1,000 and expenditures were \$2,353 resulting in a balance of \$2,847 as of December 31, 2013.

Note 5. Drug Fund

The Christian County Sheriff's office established a Drug Fund Account for monies received from court ordered forfeitures in connection with drug related arrests. The beginning balance as of January 1, 2013 was \$24,281. During 2013, receipts were \$8,577 and expenditures were \$12,697 resulting in a balance of \$20,161 as of December 31, 2013.

CHRISTIAN COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2013  
(Continued)

Note 6. Equitable Sharing Fund

The Christian County Sheriff's office established an Equitable Sharing Account for federal forfeited funds received from federal agencies. The beginning balance as of January 1, 2013 was \$6,007. During 2013, receipts were \$12,447 and expenditures were \$11,500 resulting in a balance of \$6,954 as of December 31, 2013.

Note 7. Prior Year Restatement

The beginning fund balance of the 75% account was increased by \$31,149 which was reported as an amount due to the 25% account as of December 31, 2012.



REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND  
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS





**ADAM H. EDELEN**  
**AUDITOR OF PUBLIC ACCOUNTS**

The Honorable Steve Tribble, Christian County Judge/Executive  
The Honorable Lewis Leavell, Christian County Sheriff  
Members of the Christian County Fiscal Court

**Report On Internal Control Over Financial Reporting And  
On Compliance And Other Matters Based On An Audit Of The Financial  
Statements Performed In Accordance With Government Auditing Standards**

**Independent Auditor's Report**

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements - regulatory basis of the Christian Sheriff for the year ended December 31, 2013, and the related notes to the financial statements, and have issued our report thereon dated June 27, 2014.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Christian County Sheriff's internal control over financial reporting to determine audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Christian County Sheriff's internal control. Accordingly, we do not express an opinion on the effectiveness of the Christian County Sheriff's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



Report On Internal Control Over Financial Reporting And  
On Compliance And Other Matters Based On An Audit Of The Financial  
Statements Performed In Accordance With Government Auditing Standards  
(Continued)

### **Compliance And Other Matters**

As part of obtaining reasonable assurance about whether the Christian County Sheriff's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,



Adam H. Edelen  
Auditor of Public Accounts

June 27, 2014

